

Senate File 414 - Reprinted

SENATE FILE _____
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SF 218)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act concerning the licensure, operation, and taxation of card
2 game tournaments by organizations representing veterans and
3 allowable prizes at annual game nights by certain qualified
4 organizations and making penalties applicable.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6 SF 414

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1 1 Section 1. NEW SECTION. 99B.7B CARD GAME TOURNAMENTS
1 2 CONDUCTED BY QUALIFIED ORGANIZATIONS REPRESENTING VETERANS.
1 3 1. As used in this section, unless the context otherwise
1 4 requires:
1 5 a. "Card game" means only poker, pinochle, pitch, gin
1 6 rummy, bridge, euchre, hearts, or cribbage.
1 7 b. "Qualified organization representing veterans" means
1 8 any licensed organization representing veterans, which is a
1 9 post, branch, or chapter of a national association of veterans
1 10 of the armed forces of the United States which is a federally
1 11 chartered corporation, dedicates the net receipts of a game of
1 12 skill, game of chance, or raffle as provided in section 99B.7,
1 13 is exempt from federal income taxes under section 501(c)(19)
1 14 of the Internal Revenue Code as defined in section 422.3, has
1 15 an active membership of not less than twelve persons, and does
1 16 not have a self-perpetuating governing body and officers.
1 17 2. Notwithstanding any provision of this chapter to the
1 18 contrary, card game tournaments lawfully may be conducted by a
1 19 qualified organization representing veterans if all of the
1 20 following are complied with:
1 21 a. The organization conducting the card game tournament
1 22 has been issued a license pursuant to subsection 4 and
1 23 prominently displays that license in the playing area of the
1 24 card game tournament.
1 25 b. The card games to be conducted during a card game
1 26 tournament, including the rules of each card game and how
1 27 winners are determined, shall be displayed prominently in the
1 28 playing area of the card game tournament. Each card game
1 29 shall be conducted in a fair and honest manner and shall not
1 30 be operated on a build-up or pyramid basis. Every participant
1 31 in a card game tournament must be given the same chances of
1 32 winning the tournament and shall not be allowed any second
1 33 chance entries or multiple entries in the card game
1 34 tournament.
1 35 c. Participation in a card game tournament conducted by a
2 1 qualified organization representing veterans shall only be
2 2 open to members of the qualified organization representing
2 3 veterans and guests of members of the qualified organization
2 4 participating in the tournament, subject to the requirements
2 5 of this section. The total number of members and guests
2 6 participating in a card game tournament shall not exceed the
2 7 occupancy limit of the premises where the card game tournament
2 8 is being conducted. Participants in a card game tournament
2 9 shall be at least twenty-one years of age.
2 10 d. (1) If the card game tournament is limited to one
2 11 guest for each member of the qualified organization
2 12 representing veterans participating in the tournament, then
2 13 the requirements of this subparagraph shall apply. The cost
2 14 to participate in a card game tournament shall be limited to
2 15 one hundred dollars and shall be the same for every
2 16 participant in the card game tournament. Cash or merchandise

2 17 prizes may be awarded during a card game tournament and shall
2 18 not exceed one thousand dollars and no participant shall win
2 19 more than a total of five hundred dollars.

2 20 (2) If the card game tournament is not limited to one
2 21 guest for each member of the qualified organization
2 22 representing veterans participating in the tournament, then
2 23 the requirements of this subparagraph shall apply. The cost
2 24 to participate in a card game tournament shall be limited to
2 25 twenty-five dollars and shall be the same for every
2 26 participant in the card game tournament. Cash or merchandise
2 27 prizes may be awarded during a card game tournament and shall
2 28 not exceed three hundred dollars and no participant shall win
2 29 more than a total of two hundred dollars.

2 30 (3) A qualified organization representing veterans shall
2 31 distribute amounts awarded as prizes on the day they are won
2 32 and merchandise prizes shall not be repurchased. An
2 33 organization conducting a card game tournament shall only
2 34 display prizes in the playing area of the card game tournament
2 35 that can be won.

3 1 e. The qualified organization representing veterans shall
3 2 conduct each card game tournament and any card game conducted
3 3 during the tournament and shall not contract with or permit
3 4 another person to conduct the card game tournament or any card
3 5 game during the tournament. In addition, the card game
3 6 tournament and any card game conducted during the tournament
3 7 shall be conducted on the premises of the qualified
3 8 organization representing veterans as identified in the
3 9 license application pursuant to subsection 4.

3 10 f. No person receives or has any fixed or contingent right
3 11 to receive, directly or indirectly, any profit, remuneration,
3 12 or compensation from or related to a game in a card game
3 13 tournament, except any amount which the person may win as a
3 14 participant on the same basis as the other participants.

3 15 g. A qualified organization representing veterans licensed
3 16 under this section shall not hold more than two card game
3 17 tournaments per month and shall not hold a card game
3 18 tournament within seven calendar days of another card game
3 19 tournament conducted by that qualified organization
3 20 representing veterans. Card game tournaments held under an
3 21 annual game night license shall not count toward the limit of
3 22 one card game tournament per week for a license holder. A
3 23 qualified organization representing veterans shall be allowed
3 24 to hold only one card game tournament during any period of
3 25 twenty-four consecutive hours, starting from the time the card
3 26 game tournament begins.

3 27 h. At the conclusion of each card game tournament, the
3 28 person conducting the card game tournament shall announce the
3 29 gross receipts received, the total amount of money withheld
3 30 for expenses, and the amount withheld for state taxes.

3 31 i. The person conducting the card game tournament does
3 32 none of the following:

3 33 (1) Hold, currently, another license issued under this
3 34 section.

3 35 (2) Own or control, directly or indirectly, any class of
4 1 stock of another person who has been issued a license to
4 2 conduct games under this section.

4 3 (3) Have, directly or indirectly, an interest in the
4 4 ownership or profits of another person who has been issued a
4 5 license to conduct games under this section.

4 6 3. The qualified organization representing veterans
4 7 licensed to hold card game tournaments under this section
4 8 shall keep a journal of all dates of events, amount of gross
4 9 receipts, amount given out as prizes, expenses, amount
4 10 collected for taxes, and the amount collected as revenue.

4 11 a. The qualified organization representing veterans shall
4 12 dedicate and distribute the net receipts from each card game
4 13 tournament as provided in section 99B.7, subsection 3,
4 14 paragraph "b".

4 15 b. Each qualified organization representing veterans shall
4 16 withhold that portion of the gross receipts subject to
4 17 taxation pursuant to section 423.2, subsection 4, which shall
4 18 be kept in a separate account and sent to the state along with
4 19 the organization's quarterly report.

4 20 c. A qualified organization representing veterans licensed
4 21 to conduct card game tournaments is allowed to withhold no
4 22 more than five percent of the gross receipts from each card
4 23 game tournament for qualified expenses. Qualified expenses
4 24 include but are not limited to the purchase of supplies and
4 25 materials used in conducting card games. Any money collected
4 26 for expenses and not used by the end of the calendar year
4 27 shall be donated for educational, civic, public, charitable,

4 28 patriotic, or religious uses as described in section 99B.7,
4 29 subsection 3, paragraph "b". The qualified organization
4 30 representing veterans shall attach a receipt for any donation
4 31 made to the fourth quarter quarterly report required to be
4 32 submitted pursuant to section 99B.2.

4 33 d. Each qualified organization representing veterans
4 34 licensed under this section shall make recordkeeping and all
4 35 deposit receipts available as provided in section 99B.2,
5 1 subsection 2.

5 2 4. An organization wishing to conduct card game
5 3 tournaments pursuant to this section as a qualified
5 4 organization representing veterans shall submit an application
5 5 and annual license fee of one hundred dollars to the
5 6 department. The application shall identify the premises where
5 7 the card game tournaments are to be conducted and the
5 8 occupancy limit of the premises, and shall include
5 9 documentation that the qualified organization representing
5 10 veterans has conducted regular meetings of the organization at
5 11 the premises during the previous eight months.

5 12 5. a. A person under twenty-one years of age who
5 13 participates in a card game tournament in violation of this
5 14 section is deemed to violate the legal age for gambling
5 15 wagering provisions under section 725.19, subsection 1.

5 16 b. The department shall revoke, for a period of one year,
5 17 the license of a qualified organization representing veterans
5 18 to conduct card game tournaments under this section if the
5 19 licensee knowingly permits a person under the age of
5 20 twenty-one years to participate in a card game tournament.

5 21 Sec. 2. Section 99B.8, subsection 1, unnumbered paragraph
5 22 1, Code 2007, is amended to read as follows:

5 23 Games of skill, games of chance, and card games lawfully
5 24 may be conducted during a period of ~~twelve~~ sixteen consecutive
5 25 hours within a period of twenty-four consecutive hours once
5 26 each year by any person. The games may be conducted at any
5 27 location except one for which a license is required pursuant
5 28 to section 99B.3 or section 99B.5, but only if all of the
5 29 following are complied with:

5 30 Sec. 3. Section 99B.8, Code 2007, is amended by adding the
5 31 following new subsection:

5 32 NEW SUBSECTION. 6. a. Notwithstanding any provision of
5 33 section 99B.7 to the contrary, if the games are conducted by
5 34 an eligible qualified organization issued a license pursuant
5 35 to subsection 3, the sponsor may award cash or merchandise
6 1 prizes in any game of skill, game of chance, or card game
6 2 lawfully conducted during the annual game night in an amount
6 3 not to exceed ten thousand dollars and no participant shall
6 4 win more than a total of five thousand dollars.

6 5 b. For purposes of this subsection, an "eligible qualified
6 6 organization" means any of the following:

6 7 (1) A qualified organization representing veterans as
6 8 defined in section 99B.7B.

6 9 (2) A qualified organization that represents volunteer
6 10 emergency services providers as defined in section 100B.31.

6 11 (3) A qualified organization that is exempt from federal
6 12 income tax under section 501(c)(3) of the Internal Revenue
6 13 Code and that has conducted an annual game night during the
6 14 period beginning January 1, 2001, and ending December 31,
6 15 2006.

6 16 Sec. 4. Section 99B.9, subsection 1, unnumbered paragraph
6 17 1, Code 2007, is amended to read as follows:

6 18 Except as otherwise permitted by section 99B.3, 99B.5,
6 19 99B.6, 99B.7, 99B.7B, 99B.8, 99B.11, or 99B.12A, it is
6 20 unlawful to permit gambling on any premises owned, leased,
6 21 rented, or otherwise occupied by a person other than a
6 22 government, governmental agency, or governmental subdivision,
6 23 unless all of the following are complied with:

6 24 Sec. 5. Section 99B.12, subsection 1, unnumbered paragraph
6 25 1, Code 2007, is amended to read as follows:

6 26 Except in instances where because of the location of the
6 27 game or the circumstances of the game section 99B.3, section
6 28 99B.5, section 99B.6, section 99B.7, section 99B.7B, section
6 29 99B.8, or section 99B.9 is applicable, individuals may
6 30 participate in gambling specified in subsection 2, but only if
6 31 all of the following are complied with:

6 32 Sec. 6. Section 423.2, subsection 4, Code 2007, is amended
6 33 to read as follows:

6 34 4. A tax of five percent is imposed upon the sales price
6 35 derived from the operation of all forms of amusement devices
7 1 and games of skill, games of chance, raffles, and bingo games
7 2 as defined in chapter 99B, and card game tournaments conducted
7 3 under section 99B.7B, that are operated or conducted within

7 4 the state, the tax to be collected from the operator in the
7 5 same manner as for the collection of taxes upon the sales
7 6 price of tickets or admission as provided in this section.
7 7 Nothing in this subsection shall legalize any games of skill
7 8 or chance or slot-operated devices which are now prohibited by
7 9 law.

7 10 The tax imposed under this subsection covers the total
7 11 amount from the operation of games of skill, games of chance,
7 12 raffles, and bingo games as defined in chapter 99B, card game
7 13 tournaments conducted under section 99B.7B, and musical
7 14 devices, weighing machines, shooting galleries, billiard and
7 15 pool tables, bowling alleys, pinball machines, slot-operated
7 16 devices selling merchandise not subject to the general sales
7 17 taxes and on the total amount from devices or systems where
7 18 prizes are in any manner awarded to patrons and upon the
7 19 receipts from fees charged for participation in any game or
7 20 other form of amusement, and generally upon the sales price
7 21 from any source of amusement operated for profit, not
7 22 specified in this section, and upon the sales price from which
7 23 tax is not collected for tickets or admission, but tax shall
7 24 not be imposed upon any activity exempt from sales tax under
7 25 section 423.3, subsection 78. Every person receiving any
7 26 sales price from the sources described in this section is
7 27 subject to all provisions of this subchapter relating to
7 28 retail sales tax and other provisions of this chapter as
7 29 applicable.
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